

Message Text

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ORIGIN TRSE-00

INFO OCT-01 AF-06 EUR-12 EA-07 ISO-00 L-03 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

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DRAFTED BY TREAS:OASIA:AA DRESS:DEP

APPROVED BY EB/IFD/ODF:JABWINDER

TREAS:OASIA:B ZINMAN

TREAS:OASIA:JA BUSHNELL

TREAS:OASIA:E MEIGHER(IN DRAFT)

TREAS:OASIA:E GORDON (IN DRAFT)

AF/EPS:RODUNCAN

EB/IFD/ODF:JBLANEY

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P 122339Z APR 76

FM SECSTATE WASHDC

TO AMEMBASSY ABIDJAN PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY OSLO PRIORITY

AMEMBASSY OTTAWA PRIORITY

AMEMBASSY ROME PRIORITY

AMEMBASSY TOKYO PRIORITY

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TAGS: EAID, EFIN AFDB

SUBJECT: U.S. PARTICIPATION IN AFDF

REF: STATE 83500

1. CONGRESSIONAL CONSIDERATION OF AFDF AUTHORIZING LEGISLATION HAS PROGRESSED TO POINT WHERE WE WISH TO INITIATE PRELIMINARY DISCUSSIONS WITH AFDB AND NONREGIONAL DONOR MEMBERS HAVING DIRECTORS ON AFDF BOARD OF EXECUTIVE DIRECTORS CONCERNING U.S. PARTICIPATION IN AFDF. (SEE REFTTEL FOR STATUS REPORT ON AFDF LEGISLATION.)

2. NONREGIONAL DONOR MEMBERS OF AFDF ELECT SIX OF TWELVE ED'S; AFDB ELECTS OTHER SIX. NONREGIONALS HOLD 50 PERCENT OF VOTING POWER IN FUND WHICH IS DIVIDED AMONG INDIVIDUAL MEMBERS ON BASIS OF PLEDGED CONTRIBUTIONS. ELECTIONS OF ED'S WERE HELD AT LAST TWO ANNUAL MEETINGS; AT PRESENT, CANADA, ITALY, NORWAY, UK, JAPAN AND GERMANY HOLD ED POSITIONS IN FUND. ELECTIONS WILL BE HELD AT 1976 ANNUAL MEETING IN KINSHASA (MAY 2-8) AFTER WHICH THEY WILL TAKE PLACE AT THREE YEAR INTERVALS. THIS MEANS THAT U.S. WOULD NOT BE ABLE TO PARTICIPATE IN ELECTION UNTIL 1978 IF WE ARE UNABLE TO PARTICIPATE IN 1976 ELECTION. WE UNDERSTAND THAT REDISTRIBUTION OF VOTING POWER, AS A RESULT OF

ADDITIONAL CONTRIBUTIONS PLEDGED BY MOST MEMBERS AS PART OF REPLENISHMENT EXERCISE, WILL OCCUR SIMULTANEOUSLY WITH REFORMULATION OF EXISTING CONSTITUENCIES AND ELECTION OF NEW ED'S AT KINSHASA.

3. WE ANTICIPATE HAVING FINAL AUTHORIZATION FOR U.S. MEMBERSHIP IN AFDF WITH \$25 MILLION CONTRIBUTION WITHIN NEXT MONTH. WE HOPE TO SECURE APPROPRIATION OF \$15 MILLION, WHICH IS CONTAINED IN SUPPLEMENT TO FY 1976 BUDGET, BEFORE JUNE 30. WHETHER WE JOIN AT ANNUAL MEETING OR AT LATER DATE, WE WILL HAVE TO NEGOTIATE ENTRY INTO ONE OF SIX CONSTITUENCIES. IF WE ARE ABLE TO SECURE EITHER AN ED OR ALTERNATE ED POSITION, WE WOULD
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CONTEMPLATE BEING ABLE
TO SEND WELL-QUALIFIED, FULL-TIME REPRESENTATIVE TO AFDF IN ABIDJAN. SOME OF OTHER DONORS MAY VIEW BEING REPRESENTED BY FULL-TIME US ED AS MORE ADVANTAGEOUS THAN PART-TIME REPRESENTATION PROVIDED BY OTHER NON-REGIONAL ED'S. (ONLY CANADA HAS REPRESENTATIVE IN ABIDJAN DEVOTING MAJOR PORTION OF HIS TIME TO AFDF MATTERS.)

4. FOR BONN, LONDON, OSLO, OTTAWA, ROME, TOKYO:

ALTHOUGH TIMING OF ACTUAL NEGOTIATIONS FOR U.S. ENTRY REMAINS INDEFINITE, IT WOULD BE HELPFUL TO HAVE VIEWS OF HOST GOVERNMENT ON U.S. PARTICIPATION IN AFDF. WE WOULD BE INTERESTED IN HOW THEY SEE ELECTION OF ED'S SHAPING UP FOR ANNUAL MEETING. COMPOSITION OF SIX NEW CONSTITUENCIES WHICH WILL EMERGE, AND WHERE U.S. MIGHT FIT IN. WOULD ALSO LIKE TO KNOW IF CONSIDERATION MIGHT BE GIVEN TO FORMULATING NEW CONSTITUENCIES WITH EVENTUAL U.S. PARTICIPATION IN VIEW, IF U.S. UNABLE TO SIGN UP FOR MEMBERSHIP AT KINSHASA MEETING. SUGGEST YOU APPROACH APPROPRIATE OFFICIALS IN EACH COUNTRY WITH THESE QUESTIONS AND REPORT ANY REACTIONS AS SOON AS POSSIBLE. JOHN BUSHNELL, DEPUTY ASSISTANT SECRETARY OF TREASURY DEPARTMENT, WOULD BE AVAILABLE FOR DISCUSSIONS WITH MEMBERS OF DELEGATIONS OF HOST GOVERNMENTS TO ANNUAL MEETING OF ASIAN DEVELOPMENT BANK IN JAKARTA (APRIL 22-24). SUBSEQUENTLY, U.S. DELEGATION WOULD BE PREPARED TO PURSUE DISCUSSIONS DURING AFDF ANNUAL MEETING IN EARLY MAY.

5. FOR AMB. SMITH IN ABIDJAN: WE WOULD APPRECIATE YOUR APPROACHING PRESIDENT LABIDI OF AFDB/AFDF WITH FOLLOWING PROPOSAL FOR TERMS OF ENTRY. U.S. WOULD

PROPOSE TO SEEK MEMBERSHIP, AS SOON AS FINAL AUTHORIZATION IS RECEIVED, ON BASIS OF \$25 MILLION WITH UNDERSTANDING THAT ACTUAL CONTRIBUTION WOULD BE SUBJECT TO APPROPRIATION. WE ARE NOW SEEKING APPROPRIATION OF \$15 MILLION IN FY 1976; \$5 MILLION WOULD BE AVAILABLE TO FUND IN FY 1976, \$5 MILLION IN FY 77 (WHICH BEGINS IN OCTOBER) AND \$5 MILLION IN 1978. ADMINISTRATION IS LIMITED OFFICIAL USE

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CONSIDERING INCLUDING REMAINING \$10 MILLION IN FY 1978 BUDGET. SUGGEST YOU INQUIRE AS TO BANK'S VIEWS ON POSSIBILITY OF SIGNING UP SUBJECT TO APPROPRIATION, WHETHER BANK WOULD BE WILLING TO ACCEPT U.S. ENTRY ON THESE TERMS AND ALLOCATE VOTING POWER SHARE ON BASIS OF \$25 MILLION. WOULD ALSO LIKE TO HAVE LABIDI'S ASSESSMENT OF CHANCES OF OUR MEMBERSHIP APPLICATION RECEIVING UNANIMOUS APPROVAL FROM BOARD OF GOVERNORS OF AFDB AND AFDF ON THESE TERMS. FYI. IF THIS DOES NOT FLOAT, U.S. MAY SIGN UP WITH \$15 MILLION CONTRIBUTION (WHEN

APPROPRIATIONS ARE FINALIZED). END FYI. IN ADDITION, WE WOULD LIKE LABIDI'S VIEWS ON ELECTION OF AFDF ED'S AT ANNUAL MEETING AND COMPOSITION OF SIX NEW CONSTITUENCIES. KISSINGER

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